

Message Text

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60

ACTION NEA-12

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-10 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

USIA-15 DRC-01 /164 W

----- 104918

R 201615Z FEB 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9814

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 2503

E.O. 11652: N/A

TAGS: ENGR, IN

SUBJECT: ENERGY: BUYOUT OF ESSO --BILL IN PARLIAMENT PENDING

REF: A) NEW DELHI 2337 B) BOMBAY 0281 (NOTAL)

1. STILL IN LOW KEY (REF A), THE HINDUSTAN TIMES FEBRUARY 20 NOTED THAT, IN REPLY TO A QUESTION IN PARLIAMENT, PETROLEUM MINISTER D.K. BAROOAH INFORMED THE LOK SABHA THAT A BILL TO ACQUIRE 74 PERCENT OF ESSO'S OPERATIONS IN INDIA WOULD BE INTRODUCED "SHORTLY". (ESSO GENERAL MANAGER NEFF TOLD CONGEN BOMBAY FEBRUARY 20 THAT THWDATE FOR THE INTRODUCTION OF THIS BILL HAS BEEN POSTPONED FROM FEBRUARY 21 - REF A -TO FEBRUARY 25, WITH THE BUDGET NOW SCHEDULED FOR INTRODUCTION ON THE 28TH.)

2. BAROOAH WAS AGAIN CONFRONTED WITH THE OLD QUESTION OF NATIONALIZATION OF ESSO (AND OTHER FOREIGN-OWNED OIL COMPANIES). HE REPLIED THAT A MAJORITY SHARE-HOLDING OF ESSO'S INTEREST

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WOULD BETTER MEET THE NEEDS OF THE GOVERNMENT IN LIGHT OF THE

CURRENT CRUDE OIL SHORTAGES ON THE WORLD MARKET. HE TOLD PARLIAMENT THAT ESSO HAD AGREED TO "SUPPLY CRUDE (FROM ITS OWN SOURCES) FOR THE NEXT SEVEN YEARS" AND THAT IT WAS THIS THAT "PROMPTED US TO KEEP SOME CONNECTION WITH THEM". HE FURTHER ASSURED PARLIAMENT THAT CRUDE OILS PURCHASED FROM THE PRIVATE COMPANIES (ESSO, CALTEX AND BURMAH-SHELL) ARE NOW BELOW THE PRICES QUOTED BY MOST OF THE OIL PRODUCING COUNTRIES.

3. DURING THE SAME QUESTIONING PERIOD, BAROOAH INDICATED THAT "A SIMILAR STEP" (PRESUMABLY MEANING A GOI PURCHASE OF MAJORITY EQUITY SHARES) WOULD BE TAKEN IN REGARD TO "OTHER DMREIGN-OWNED PETROLEUM COMPANIES OPERATING IN THE COUNTRY". (COMMDNT: CALTEX AND BURMAH-SHELL HAVE ADOPTED "WAIT-AND-SEE" POLICIES IN THIS MATTER, ACCORDING TO THE LATEST INFORMATION AVAILABLE TO THE EMBASSY. CALTEX ACTING GENERAL MANAGER DABORN INFORMED CONGEN BOMBAY MEARLY IN FEBRUARY THAT HIS FIRM HAS NO INTENTION OF TAKING AN INITIATIVE ON THIS ISSUE (REF B). HE ALSO NOTED THAT NEITHER CALTEX NOR BURMAH-SHELL HAD RECEIVED ANY SIGNALS FROM THE GOI, AND THAT (LIKE CALTEX) BURMAN-SHELL GENERAL MANAGER PATWARDHAN IS MERELY "SITTING TIGHT". END COMMENT).
MOYNIHAN

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Message Attributes

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